**Economics Final Exam 2008**

**Chapters 13 - 14**

Short answer.

1. What is bartering?
2. There are five desirable qualities for money. Name them.
3. Identify one problem that people often have when they barter.

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| Types of Goods That Were Once Used As Money | |
| **Types of Goods** | **Country/Culture** |
| 1. Whale’s Teeth | Fiji |
| 1. Rats | Easter Island |
| 1. Eggs | Nauru Island |
| 1. Tea | China |
| 1. Salt | Ethiopia |
| 1. Dogs’ Teeth | Solomon Islands |
| 1. Snails | Paraguay |
| 1. Stones | Island of Yap |

1. Of the items formerly used as money, which two seem the least portable? Why?
2. Of the items formerly used as money, which one seems to be the best? Explain your answer.
3. What is one disadvantage of bartering?
4. Why does money have to be scarce?
5. Can a dollar bill be easily divided? Explain.
6. Give an example of durable, long-lasting money.
7. You have learned about the advantages of money. Is it ever an advantage to barter today? Explain.
8. What are coins and paper money called?
9. Define denomination.
10. What is fake money that has been illegally copied to pass as real money called?
11. What happens during a bank panic?
12. Describe one thing that the Federal Reserve does.
13. Identify one difference between a commercial bank and a credit union.
14. List two things you should think about when choosing a bank.
15. What is the main type of loan that savings and loan associations make?
16. What is the process of transferring checks and money from bank to bank called?
17. What do we call the kind of bank that is owned by members who have accounts there?
18. Explain why the government set up the Federal Reserve System.
19. What does FDIC stand for? What does it mean?
20. Why would someone want to join a credit union?

Essay

On a separate sheet of paper, write a 5 paragraph essay describing why YOU would want to use a money system or a bartering system.